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# 1969 Annual Report

THE GOODYEAR TIRE & RUBBER COMPANY  
OF CANADA, LIMITED

## The Goodyear Tire & Rubber Company of Canada, Limited

### Board of Directors

R. C. BERKINSHAW, C.B.E., Q.C., *Toronto*  
H. A. BRUNDAGE, *Toronto*  
P. P. DAIGLE, *Montreal*  
R. DeYOUNG, *Akron*  
K. E. KENNEDY, Q.C., *Toronto*  
LOUIS A.-LAPOINTE, Q.C., *Montreal*  
H. G. MacNEILL, *Toronto*  
J. C. MOON, *Toronto*  
A. DEANE NESBITT, O.B.E., D.F.C., *Montreal*  
BRUCE M. ROBERTSON, *Akron*  
L. E. SPENCER, *Toronto*  
R. V. THOMAS, *Akron*  
G. F. TURNER, *Toronto*

### Officers

L. E. SPENCER, *President and General Manager*  
H. G. MacNEILL, *Executive Vice President—Sales*  
J. C. MOON, *Executive Vice President—Manufacturing*  
H. A. BRUNDAGE, *Vice President—Finance*  
K. E. KENNEDY, Q.C., *Vice President and General Counsel*  
G. F. TURNER, *Vice President—Goodyear Replacement Sales*  
S. G. FEARMAN, *Vice President—Materials Management*  
C. E. CLARKE, *Treasurer*  
A. E. ROBINETTE, Q.C., *Secretary*  
D. F. CATTO, *Comptroller*  
G. E. BENNETT, *Assistant Comptroller*  
R. D. COPELAND, *Assistant Comptroller*

**Head Office:** 3050 Lake Shore Boulevard West, Toronto 14, Ont.

### Plants

Toronto, Ont. (2)  
Bowmanville, Ont.  
Collingwood, Ont.  
Owen Sound, Ont.  
St. Hyacinthe, Que.  
Quebec City, Que.  
Valleyfield, Que.  
Medicine Hat, Alta.

### Wholesale Distributor

St. John's, Nfld.  
A. E. Hickman Company Limited

### Sales Districts

Moncton  
Quebec  
Montreal  
Ottawa  
Metropolitan Toronto  
Southern Ontario  
Western Ontario  
Northern Ontario  
Winnipeg  
Saskatoon  
Calgary  
Edmonton  
Vancouver

# Goodyear Product Groups

## Tire Products

### TIRES & TUBES for

Automobiles  
Trucks  
Busses  
Earthmovers  
Construction  
Mining  
Logging  
Farm and garden tractors  
Implements  
Industrial vehicles  
Golf carts  
Wheelbarrows  
Lawnmowers  
Motorcycles

Scooters  
Racing cars  
Trailers  
Mobile homes  
Aircraft  
Military vehicles  
"Go anywhere"  
military and  
civilian vehicles

**Aircraft wheel and  
brake assemblies**

## General Products

### INDUSTRIAL PRODUCTS

Conveyor belts  
Steel cable conveyor belting  
Flat transmission belts  
Industrial V-belts  
FHP V-belts  
Poly V-belts  
Fan belts  
Positive drive belts  
Variable speed belts  
Snow vehicle drive belts  
Track vehicle belts  
Industrial hose  
Automotive hose  
Hydraulic hose  
Engine and chassis mountings  
Tracked vehicle components  
Molded rubber products  
Extruded rubber products  
Printers' blankets and gums  
Rubber sheet materials  
Rubber and asbestos packing  
Industrial rolls  
Dock and ship fenders  
Matting  
Pillow tanks  
Inflatable dunnage  
Snowplow blades  
Dri-liner products

### MOLDED URETHANE PRODUCTS

Pliofoam  
regular, full volume  
and specially designed  
cushions for autos,  
busses, trucks.  
Pliotrim for automobile  
instrument panels and padded  
interior applications  
Pliofirm  
replacement for wood products

### SHOE PRODUCTS

Neolite soles and heels  
Crown Neolite soles and heels  
Neolite Flex soles  
Vulcabond unit soles  
Vinabond unit soles  
Neolite Crepe soles and  
heels with Tufsyn  
Chemigum soles and heels  
Wingfoot soles and heels  
Sport soles and heels  
Neothane toplifts  
Neolite toplifting  
Crown Neolite toplifting

### FILMS & ADHESIVES

#### Packaging Films

##### Pliofilm for

Coffee  
Hydroscopic  
products  
Self-service foods  
and other products

##### Vitafilm for

Produce  
Meats  
Heavy-duty packaging  
(paper products, textiles,  
hardware items)

##### Adhesives for

Industrial and  
household uses  
Pliobond  
Pliogrip  
Pliotac



## **To the Shareholders of The Goodyear Tire & Rubber Company of Canada, Limited:**

Consolidated net sales of \$175,841,000 compared with \$154,224,000 in 1968. The growth of \$21,617,000 over last year represents a gain of 14.0%. It was the seventh consecutive year of increased sales.

Net income for the year amounted to \$1,232,000 or \$3.83 per common share. 1968 net income totalled \$171,000.

Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares. No common dividends were paid.

Taxes and duties of all kinds provided in 1969 totalled \$13,866,000, equivalent to \$53.90 per common share, as compared with \$10,820,000 or \$42.06 per share in 1968.

Net income for the year was adversely affected by an extended strike at the Valleyfield, Quebec plant and related productivity problems. Also, realignment and phasing-in of other plants' new machinery and equipment coupled with significantly large increases in costs of labour, materials and services adversely affected profits in 1969.

Total compensation paid to employees during the year aggregated \$50,878,000 as compared with \$44,206,000 for the year 1968. In addition, costs of the Company's pension, hospitalization, group insurance and related benefits increased to \$5,414,000 from \$3,951,000 in the prior year.

Capital expenditures for expansion, improvements and replacements of property in 1969 totalled \$12,945,000; depreciation amounted to \$6,820,000.

Heavy capital expenditure programmes required to meet greatly expanded market demands were substantially completed. Future capital expenditures will be geared to normal growth and modernization requirements.

The aggressive campaign to reduce costs and tightly control expenses will continue and will be accelerated in order to regain an early satisfactory profit position.

Goodyear entered into volume production on its Polyglas tire, a new type of tire built on a new concept in tire construction. The Polyglas tire features a bias-ply polyester cord body and fiberglass belts under the tread.

Not since the introduction of the tubeless tire has the public been presented with such an exciting new tire innovation.

Replacement demand for Polyglas tires, which give up to double the mileage at a price premium ranging from 25 to 35 per cent, is pressing the Company's current ability to supply them.

The new Polyglas tire now is offered as optional or original equipment by every car division of all the major automotive manufacturers.

While tires for automobiles, earthmovers, trucks, tractors, racing cars and all other types of vehicles are the Company's major products, Goodyear makes thousands of other products for home and industry.

The list includes instrument safety panels and foam cushioning for autos; rubber blades for snowplows; aircraft wheel and brake assemblies; hose; transmission and conveyor belts of all types, including steel cable conveyor belts; rubber railroad crossings; snow vehicle drive belts; packaging film for produce and meat packaging; shoe products, and many other items.

To-day's consumer looks for quality, safety and service; and, our Company offers all three through a nationwide network of sales outlets for our products.

The Goodyear dealer organization is the best in the industry, and much of the credit for our success is due to the leadership and loyalty of our dealers throughout Canada.

We also continued to strengthen our distribution by modernizing and increasing our retail store chain.

Effective January 1, 1970, the following personnel changes were made. Mr. L. E. Spencer moved to the position of Chairman of the Board and Mr. H. G. MacNeill, formerly Executive Vice-President—Sales, succeeded him as President and General Manager. Mr. G. F. Turner retired as Vice-President—Goodyear Replacement Sales, and was succeeded by Mr. D. W. Moriarty, formerly President of Seiberling — Canada. Mr. K. G. MacKenzie became President of Seiberling — Canada. Mr. Turner also retired as a Director.

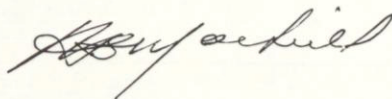
People continue to be our most important resource; and, we salute the dedication, abilities and fine workmanship of Goodyear people country-wide.

Confident that the demand for our products will grow at a faster pace than the economy of Canada, we will continue to provide the necessary facilities and manpower to enable our Company to take full advantage of these opportunities as they develop and to maintain its position of leadership in our industry.

With the approval of the Board of Directors,



Chairman of the Board



President

February 3, 1970.



Consolidated Balance Sheet

Assets

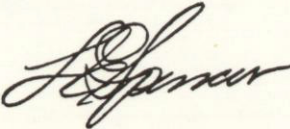
|   | 1969           | DECEMBER 31<br>1968 |
|---|----------------|---------------------|
|   | (in thousands) |                     |
| CURRENT ASSETS:   |                |                     |
| Cash . . . . .  | \$ 167         | \$ 204              |
| Accounts receivable, less allowance for<br>doubtful accounts: 1969 — \$711;<br>1968 — \$992 . . . . . | 34,155         | 37,663              |
| Inventories at lower of cost or market . .  | 42,949         | 41,087              |
| Prepaid expenses . . . . .  | 40             | 9                   |
| TOTAL CURRENT ASSETS . . . . .  | 77,311         | 78,963              |

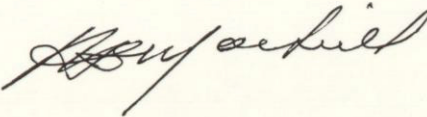
|   |     |     |
|---|-----|-----|
| MISCELLANEOUS INVESTMENTS,<br>at cost less allowances . . . . . | 558 | 822 |
|---|-----|-----|

PROPERTIES AND PLANTS:

|  |           |           |
|--|-----------|-----------|
| Land, buildings, machinery and equip-<br>ment, at cost . . . . . | 120,198   | 108,699   |
| Less: Depreciation . . . . .                                     | 69,715    | 64,205    |
|  | 50,483    | 44,494    |
|  | \$128,352 | \$124,279 |

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

## Liabilities

|   | DECEMBER 31    |          |
|---|----------------|----------|
|   | 1969           | 1968     |
|   | (in thousands) |          |
| CURRENT LIABILITIES:  |                |          |
| Bank indebtedness . . . . .                                     | \$ 4,966       | \$ 3,431 |
| Loan from parent company . . . . .                              | 5,000          | —        |
| Accounts payable and accrued liabilities                        | 15,034         | 14,945   |
| Income and other taxes payable . . . . .                        | 1,089          | 780      |
| Dividend payable on preferred shares . .                        | 62             | 62       |
|   | <hr/>          | <hr/>    |
| TOTAL CURRENT LIABILITIES . . . . .                             | 26,151         | 19,218   |
| LONG TERM DEBT:   |                |          |
| Bank loans due 1971 under revolving credit agreements . . . . . | 43,475         | 47,175   |
| Funded debt of subsidiary . . . . .                             | 400            | 450      |
|   | <hr/>          | <hr/>    |
|   | 43,875         | 47,625   |
| DEFERRED INCOME TAXES . . . . .                                 | 3,309          | 3,197    |
| DEFERRED INCOME . . . . .                                       | 1,809          | 1,996    |

## Shareholders' Equity

### CAPITAL STOCK:

|  |           |           |
|--|-----------|-----------|
| 4% cumulative redeemable sinking fund preferred shares (par value \$50 per share; redeemable on call at \$53 per share): |           |           |
| Authorized, issued and outstanding, 1969—123,473 shares; 1968—123,878 shares . . . . .                                   | 6,174     | 6,194     |
| Common shares, no par value:   |           |           |
| Authorized, 290,660 shares; issued and outstanding, 257,260 shares   | 129       | 129       |
| CAPITAL SURPLUS . . . . .  | 692       | 692       |
| RETAINED EARNINGS . . . . .  | 46,213    | 45,228    |
|  | <hr/>     | <hr/>     |
|  | 53,208    | 52,243    |
|  | <hr/>     | <hr/>     |
|  | \$128,352 | \$124,279 |
|  | <hr/>     | <hr/>     |

## Consolidated Income Statement

|                                   | YEAR ENDED DECEMBER 31 |                |
|-----------------------------------|------------------------|----------------|
|                                   | 1969                   | 1968           |
|                                   | (in thousands)         |                |
| Net sales . . . . .               | \$175,841              | \$154,224      |
| Income from investments . . . . . | 74                     | 120            |
|                                   | <u>175,915</u>         | <u>154,344</u> |
| Deduct:                           |                        |                |
| Costs and expenses . . . . .      | 167,303                | 149,500        |
| Depreciation . . . . .            | 6,820                  | 6,523          |
| Income taxes:                     |                        |                |
| Current . . . . .                 | 448                    | (1,046)        |
| Deferred . . . . .                | 112                    | (804)          |
|                                   | <u>174,683</u>         | <u>154,173</u> |
| Net income for the year . . . . . | <u>\$ 1,232</u>        | <u>\$ 171</u>  |

## Consolidated Retained Earnings Statement

|                                      | YEAR ENDED DECEMBER 31 |                  |
|--------------------------------------|------------------------|------------------|
|                                      | 1969                   | 1968             |
|                                      | (in thousands)         |                  |
| Balance at beginning of year . . . . | \$ 45,228              | \$ 45,820        |
| Net income for the year . . . . .    | 1,232                  | 171              |
|                                      | <u>46,460</u>          | <u>45,991</u>    |
| Deduct:                              |                        |                  |
| Dividends:                           |                        |                  |
| On 4% preferred shares . . . . .     | 247                    | 248              |
| On common shares . . . . .           | —                      | 515              |
|                                      | <u>247</u>             | <u>763</u>       |
| Balance at end of year . . . . .     | <u>\$ 46,213</u>       | <u>\$ 45,228</u> |

## Notes to Consolidated Financial Statements

1. The accounts receivable at December 31, 1969 include \$1,945,000 due from affiliated companies, and \$2,742,000 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Certain store and warehouse properties are leased at minimum annual rentals which total \$1,788,000 for 1970. Most of the leases may be renewed by the Company on expiry.
3. The Company's total unfunded obligation for pension benefits arising from service prior to December 31, 1969 is estimated to be \$14,091,000 and has not been provided for in the accounts. Since 1958 the Company has been funding past service obligations by the payment of annual instalments which are charged against operations and proposes to continue this practice through 1989.
4. Remuneration to directors and senior officers of the Company in 1969 amounted to \$264,000.



## Consolidated Statement of Funds

|   | YEAR ENDED DECEMBER 31 |                   |
|---|------------------------|-------------------|
|   | 1969                   | 1968              |
|   | (in thousands)         |                   |
| SOURCE OF FUNDS:  |                        |                   |
| Net income for the year.....  | \$ 1,232               | \$ 171            |
| Expenses not requiring a current outlay of funds—principally depreciation and deferred income taxes | 6,827                  | 5,719             |
| Total from operations.....  | 8,059                  | 5,890             |
| Long term debt.....   | —                      | 26,975            |
| Property disposals.....   | 136                    | 315               |
| Deferred income and investments..   | 182                    | 571               |
|   | <u>8,377</u>           | <u>33,751</u>     |
| APPLICATION OF FUNDS:   |                        |                   |
| Expenditures for properties and plants.....   | 12,945                 | 13,642            |
| Long term debt.....   | 3,750                  | —                 |
| Dividends.....  | 247                    | 763               |
| Preferred shares redeemed.....  | 20                     | 102               |
|   | <u>16,962</u>          | <u>14,507</u>     |
| Decrease (increase) in working capital  | <u>\$ 8,585</u>        | <u>\$(19,244)</u> |

## Auditors' Report

TO THE SHAREHOLDERS OF  
THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED:

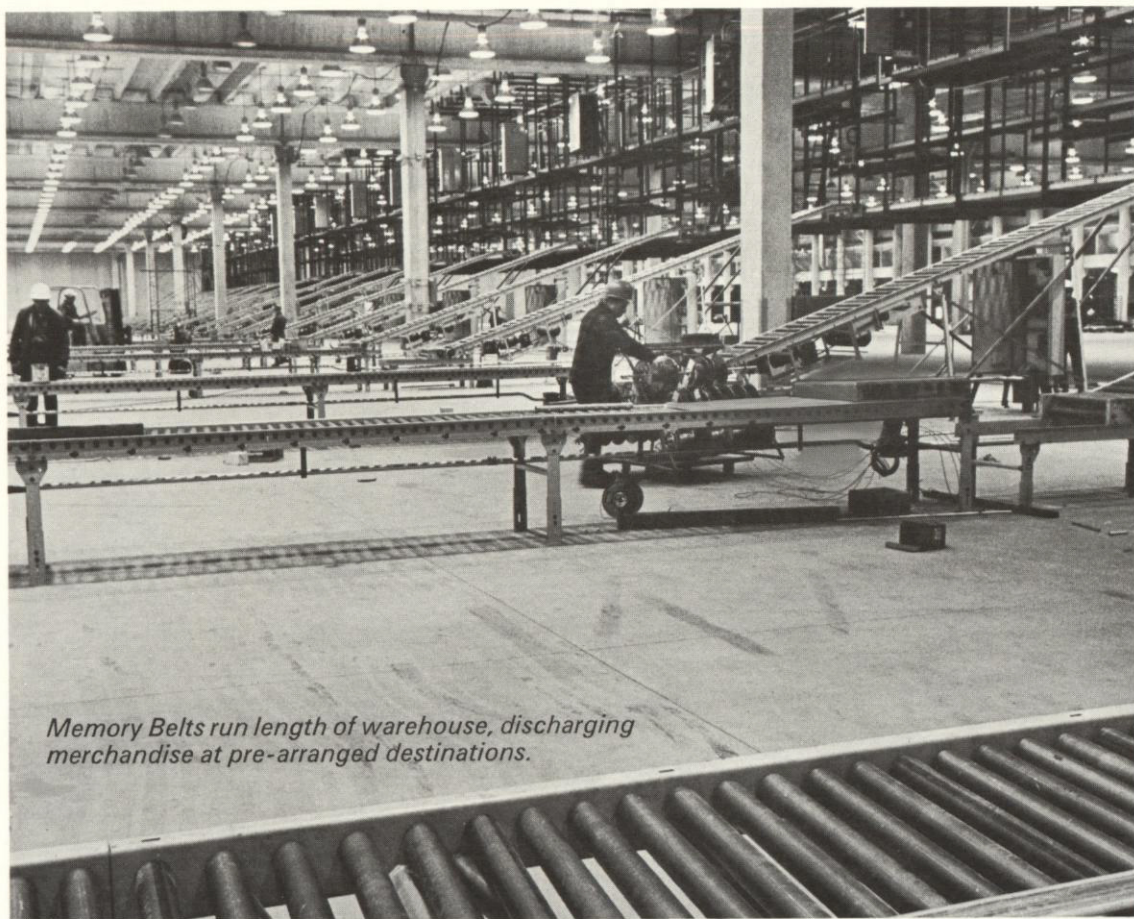
We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1969 and the consolidated statements of income, retained earnings and funds for the year then ended. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse & Co.*

Toronto, January 26, 1970.

Chartered Accountants.



*Memory Belts run length of warehouse, discharging merchandise at pre-arranged destinations.*

## The Memory Belt: Goodyear Produces Canada's First

A conveyor belt with a memory — something new — and, in 1969, The Goodyear Tire and Rubber Company of Canada, Limited, manufactured and installed Canada's first one.

Called a Memory Belt, it is the latest concept in materials handling and serves as the nerve center of Dominion Stores' new \$7 million distribution center in suburban Toronto. Made at Goodyear-Canada's Bowmanville, Ontario, plant, the belt transports and sorts goods in the 600,000 square foot warehouse.

The Memory Belt differs from conventional conveyor belts in that goods carried on it are dumped automatically at various points in the warehouse. At no time are the cases touched by hands.

The belt's "brain" is a layer of shredded steel wire imbedded within the belt which can be magnetized with a certain pattern or code that becomes the "address" for each item being carried on the belt.

Using magnetic polarity, electronic equipment "writes" the address in the shredded wire directly beneath each item on the belt. When an item reaches a point where it is to be diverted, the code is "read" by an electronic device which activates an arm to sweep the item from the belt. When the item leaves the belt, its address is erased.

The system is reversible and can be used for either shipping or receiving merchandise.



## ***Company a leader in manufacture of snow tracks***



*Snow vehicle on Goodyear track goes over the hump.*

In 1969, The Goodyear Tire and Rubber Company of Canada, Limited became the second largest snow vehicle track manufacturer in North America. And based upon the company's forecasts and advance orders, it will become the industry's leader in 1970.

During 1969 new snow track manufacturing equipment was installed at the company's Bowmanville, Ontario plant and still more will be in operation before the end of the 1970 sales season.

When Goodyear foresaw the snow vehicle boom and aggressively entered the market two years ago, the initial production run was only 7,571 units. This year the company will supply one third of the tracks expected to be sold in North America.

Because snow vehicles are a relatively new market, most tracks are used as original equipment, but Goodyear-Canada is already gearing to meet the coming replacement demands from snowmobile owners.



